The Christ Hospital Health Network

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Ms. Diona Mullins
Office of Health Policy
Cabinet for Health and Family Services
275 East Main Street, 4W-E
Frankfort, Kentucky 40621

**Re: Stakeholder Input in Response to Special Memorandum for Certificate of Need Modernization**

Dear Ms. Mullins:

As a stakeholder, The Christ Hospital Health Network ("TCH") is writing to formally respond to your Special Memorandum for Certificate of Need Modernization (the "Memorandum"). TCH has a 126 year history of providing quality health care services to the Greater Cincinnati community. While this service area has always included Northern Kentucky counties by serving Kentuckians at its downtown Cincinnati hospital and satellite outpatient centers in Ohio, in 2012 TCH began establishing healthcare facilities located in Kentucky. In its endeavor to make healthcare more accessible and more affordable to patients, TCH has become very aware of how Kentucky's certificate of need program both helps and hinders these efforts and appreciates the opportunity to respond as follows:

- **TCH supports the evolution of care delivery toward an outpatient-centric model**

As healthcare evolves, the roles of hospitals are changing to address the needs of patients and the demands of health care reform, Medicare and Medicaid, and the insurance payment systems or "payors." In fact, most traditional hospitals are evolving into integrated health systems that provide health care services nearly as much, if not more, in the outpatient setting as they do in the inpatient/traditional hospital setting. Further, hospitals are aligning with other health care providers to provide a full complement of services to patients.

TCH has a 126 year history of providing superior, high quality healthcare to the Greater Cincinnati Community and Tri-state area. The Tri-state area consists of a 14 county area that includes parts of Ohio, Kentucky and Indiana. Importantly, of the health systems and hospitals in this Tri-state area, TCH has been the most preferred system by consumers for the last 19 years. In addition, TCH has won many awards, is ranked by US News as one of the top 50 hospitals in the country, and has been named one of America's 50 best hospitals by Healthgrades, which is a national organization that measures quality based upon Medicare data and outcomes.

TCH is a not just a single downtown hospital, but has evolved into a health care network by expanding its hospital and its centers of excellence and developing a significant ambulatory/outpatient presence with physician divisions and the supportive services like laboratory, physical and occupational therapies, and the diagnostic/ancillary tools necessary for superior patient care. In delivering patient care, TCH concentrates on key clinical services with the goal of being a national leader in clinical excellence and patient experience.

TCH has developed physician offices in Kentucky located primarily in Kenton County and currently provides both primary care and specialist physician services that include orthopedic surgery, hematology/oncology, women's services, urology, cardiology, endocrinology diabetes, and recently implemented a CON-approved MRI, an important diagnostic service necessary to support TCH physicians and services in Kentucky. Through its outpatient centers, TCH strives to deliver basic healthcare services to the community in a manner that is convenient and cost-effective. Recognizing that many of its patients live or work in Northern Kentucky, TCH has been thoughtful in developing its Ft. Wright Outpatient Center so that the hours, location, parking, etc. are accommodating to its patients. Patients who have scheduled surgery at the hospital can receive most, if not all, of their pre-operative and post-operative services at the Ft. Wright Outpatient Center.

TCH wishes to further expand its services in Northern Kentucky in order to make comprehensive care more accessible to its significant Northern Kentucky patient population. Due to the current State Health Plan, the most efficient and appropriate method for developing a broad complement of services in Northern Kentucky has been through a piecemeal approach of CON-exempt facilities and services established as Special Health Clinics, as well as a laboratory and diagnostic imaging services. The Deloitte Study recognizes that comprehensive outpatient care improves the cost-effectiveness and quality of health care. Thus, TCH requests that the Office of Health Policy consider adopting a methodology through which health systems can provide more comprehensive, out-patient care as a single health facility. Moreover, TCH proposes the development of a single health facility type for multidisciplinary outpatient services including, but not limited to, emergency, primary, specialty, diagnostic, ambulatory surgery, radiation oncology, and diagnostic services, provided by a public or private provider-based institution with permanent facilities on a single campus and under the supervision of an organized medical staff.

- **By providing patient choice, TCH seeks to improve access, quality and cost of care in Northern Kentucky**

As the tremendous success of TCH's Fort Wright Outpatient Center demonstrates, Northern Kentucky Area Development District ("Northern Kentucky ADD") residents want additional capacity in terms of a choice of a provider for health services. Currently, St. Elizabeth is the only significant, provider of health services in Northern Kentucky. In fact, in Kenton, Campbell, and Boone Counties, St. Elizabeth Healthcare provides almost all the healthcare services that are available, including physician services. Simply put, there is no other health system that currently provides health care services in any of these counties. Since the merger of

St. Elizabeth and St. Luke Hospitals in 2008, St. Elizabeth has been essentially the sole health care system providing services in Northern Kentucky.

In Northern Kentucky, St. Elizabeth is the only provider of hospital services, the only provider of specialty services, almost the only provider of primary care services and cardiology services, as well as many other services. In short, St. Elizabeth has a monopoly in Northern Kentucky and has used the CON programs to sustain its monopoly as evidenced by its refusal to enter into a supportive relationship with TCH and aggressive opposition to TCH obtaining a CON to establish a MRI service in Kenton County. A sustained monopoly is not positive for Northern Kentucky and creates negative effects upon competition; consumer access to care, the health insurance market; recruitment and retention of physicians to the area and of course the price of services. By providing services in Northern Kentucky, TCH improves Northern Kentuckian's access to quality, affordable care by creating competition and patient choice. After all, it is undisputed that competition creates accountability and such market pressures force health providers to provide a better service at a lower cost.

- **TCH is committed to improving access to cancer care in Northern Kentucky**

Kentucky continues to be ranked 50th in the nation for cancer rates with an estimated cancer incident rate of 523.1 per 100,000 compared to the national average of 473.4 per 100,000. This indicates that we are leading the nation in one area of poor health and that there is a significant population of Kentuckians needing access to cancer care. Even more alarming, Kentucky also ranks 50th for cancer deaths with a cancer mortality rate of 211.3 as compared to the national average of 178.7. This means that not only are Kentuckians sick, but also they are not accessing the care that they need to survive cancer.

Radiation therapy, an integral part of a cancer patient's treatment and prognosis, is regulated via Kentucky's certificate of need program and in the State Health Plan. Of Kentucky's cancer deaths from 2005-2009, 52% were lung, breast, cervical and colon cancers, all of which typically receive radiation therapy as part of their aggressive treatment plan. For all persons diagnosed with cancer, research shows that 50% will receive radiation therapy as part of their treatment plan. Of those individuals, 88% will receive those radiation treatments through a linear accelerator, the equipment typically used to deliver megavolt radiation therapy. Moreover, each of those persons prescribed radiation treatment as part of their care plan will receive an average of 29 treatments as part of their therapy. The Kentucky Health Service Utilization Reports published by the Cabinet for Health and Family Services, however, demonstrates that Kentuckians are accessing megavolt radiation therapy at a rate much lower than what is indicated by these standards when applied to the incidence of cancer in Kentucky, as reported by the Kentucky State Cancer Registry. Further, the Deloitte Study recently commissioned by the Cabinet for Health and Family Services and Kentucky Health Benefit Exchange, The Commonwealth of Kentucky Health Care Facility Capacity Report, emphasizes that compared to baseline benchmark data, Kentucky has 10% lower utilization of megavolt radiation equipment when compared to other southern states.

Kentucky's underutilization of life-saving cancer treatment is especially evident for the population in the Northern Kentucky ADD:

**Northern Kentucky ADD, 2012**

| | Population | Cancer Incidence (0.5%) | Radiation therapy eligible (50%) | LINAC indicated (80%) | LINAC procedures (29 treatments/patient) |
|---|---|---|---|---|---|
| **Projected Utilization** | 448,509 | 2,243 | 1,122 | 897 | 26,013 |
| **Actual Utilization** | | | | | 8,392 |
| **Difference** | | | | | 17,621 |

Due to the high number of projected cancer treatments with comparison to the current utilization, it is apparent that Kentuckians need greater access to cancer treatment programs than what is currently available.

Kentucky's high rate of cancer, low access to cancer treatment, and high rate of cancer mortality demonstrate that changes to the current State Health Plan are necessary for the welfare of Kentucky patients. Additionally, research illustrates a growing need for cancer care due to increased incidence and anticipated capacity limitations. The American Cancer Society estimated that the United States would have an additional 1,660,290 new cancer cases in 2013, which would result in an additional 580,350 cancer deaths. Further, the Deloitte Study found that between 2012 and 2017 there will be a 5-9% increase in demand for megavolt radiation services and that there will be capacity constraints in at least two of Kentucky's eight Medicaid Managed Care Regions ("MMCR") by 2017. Based on TCH's experience, we believe that MMCR 6- Northern Kentucky is already suffering a capacity issue as a significant number of cancer patients from this region are currently migrating out of Kentucky to Ohio for treatment at TCH.

The need for improved access to cancer care is clear. As stated by The Kentucky Cancer Foundation co-founder, Dr. Whitney Jones: "Kentucky leading the nation in overall cancer mortality is no longer acceptable. This is our problem, we own it." This call to action has resonated with Governor Beshear and his efforts to improve the health of Kentuckians. TCH supports changes to the State Health Plan criteria for megavoltage radiation therapy services that will enable the Certificate of Need Program to better serve its purpose of improving the quality of, and increasing access to, health care facilities, services, and providers while creating a cost-efficient health care system for the citizens of the Commonwealth. In addition to cancer care services provided at TCH's hospital and outpatient centers in Ohio, TCH currently provides hematology, oncology and infusion (e.g. chemotherapy) services in Kenton County and believes there is a clear need for more comprehensive cancer care, specifically access to radiation services

provided by a linear accelerator. Thus, TCH encourages the Office of Health Policy to revise the megavoltage radiation therapy review criteria, as recommended in the Deloitte Study.

- **TCH is committed to improving access to outpatient surgical care in Northern Kentucky**

For about two decades, the State Health Plan review criteria for ambulatory surgery centers ("ASC") have remained unchanged. Further, the current review criteria essentially places a moratorium on the establishment of these facilities in Kentucky even though they have proven to be the far more cost effective alternative when compared to hospital outpatient departments for outpatient surgery. We agree with the Deloitte Study's finding that such regulation is detrimental to healthcare in Kentucky and should be revised. Of the 43 ASC applications submitted since January 1, 2003, that had to meet the planning area surgical utilization requirements of the State Health Plan, none were approved—this fact alone commands that the criteria be revised to improve access to ambulatory surgery centers. Thus, even though the benefits of improved access to outpatient surgery care have become clearer over the past decade, Kentucky health policy has prevented the establishment of new ASC's.

As a health system providing inpatient and outpatient surgery services in Ohio, we have identified some issues with the way in which the current methodology measures operating room utilization that has resulted in the misrepresentation of actual utilization. For instance, we recognize the fact that not every surgery provider operates every one of its operating rooms. This can be due to a number of factors, including, but not limited to strict licensing requirements related to the basic infrastructure and health and safety codes. Further, operating rooms are managed so that some rooms are purposefully left out of service yet equipped and ready to accommodate emergencies. As a result, there are more operating rooms in existence in Kentucky than are in operation. This distorts your office's ability to measure actual utilization. For example, in Kenton County, there is a hospital that reports the existence of 19 operating rooms, yet last year, it reported only 7,900 total surgery procedures. In other words, assuming all of the operating rooms are operational, these operating rooms are averaging about 500 procedures per year or each procedure performed in these rooms is averaging about 5 hours per surgery. This does not reflect reality. Clearly, not all of these rooms are operational on a daily basis and it is essential that the State Health Plan be revised to adopt a more accurate measure for determining need for ambulatory surgical services. Further, we support the adoption of a methodology for assessing need that considers the cost-effectiveness and additional benefits of outpatient surgical care when appropriate for the patient.

- **TCH seeks to improve access to care for Medicaid beneficiaries**

For a number of reasons, Medicaid members have, on average, a more challenging path toward access to care. As a result of the Affordable Care Act ("ACA") and through the expansion of Kentucky's Medicaid program, health insurance coverage has become available for a significant population of previously uninsured individuals in Northern Kentucky and TCH's Primary Service Area ("KPSA"). To provide care to this previously uninsured population, TCH

must expand its services to meet patient needs in a cost effective manner. By expanding its outpatient health services, including cancer treatment and ambulatory surgery, TCH will be able to manage the needs of these individuals in a cost-effective, patient-centered, high quality manner.

- **Conclusion**

Improving access to comprehensive care can be accomplished only by carefully reviewing and revising the applicable State Health Plan review criteria and considering the health status of the Commonwealth as a whole. Thus, TCH requests that the Cabinet take into consideration these proposed changes, which we believe will assist the Commonwealth in its mission of achieving improved access to quality healthcare. Thank you for your attention. Please do not hesitate to contact us with any questions or requests for additional information.

Sincerely,

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The Christ Hospital Health Network

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